

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

INTEGRATING STATE OF GOOD REPAIR WITH PPP'S

NEPPP CONFERENCE

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DENISE L. LONGLEY

DEPUTY EXECUTIVE OFFICER FACILITIES-OPERATIONS METRO



Metro™

PRESENTATION

- STATE OF GOOD REPAIR
- EXAMPLES OF SGR
- CASE STUDY OF INTEGRATED SGR AND PPP

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (METRO)

Is unique compared to other transit agencies because it is the

. . .



regional
transportation
planner;



regional builder;



and the regional
transit operator

.... for Los Angeles County.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (METRO) FACTS

AT A GLANCE



- 73 MILES OF METRO RAIL
- 63 RAIL STATIONS
- 225 RAIL CARS
- 447 MILES OF HOV LANES
- 1.4M+ AVE BUS & RAIL WEEKDAY BOARDINGS
- 8,076 REPRESENTED EMPL
- 1,230 NON-REP



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11 BUS OPERATING DIVISIONS

- TOTAL 2520 ENG BUSES-ALL NEEDING MAINTENANCE, FUELING, CLEANING, VAULTING, PARKING AND OPERATORS.
- TOTAL 188 ACRES AND 1,371,655 SQ FT OF BUILDINGS TO MAINTAIN.



METRO STATE OF GOOD REPAIR

DEFINITION

ADAPTED BY METRO...
AN ASSET OR SYSTEM IS
IN A STATE OF GOOD
REPAIR WHEN NO
BACKLOG OF CAPITAL
NEEDS EXISTS-HENCE ALL
ASSET LIFE CYCLE
INVESTMENT NEEDS (E.G.,
PREVENTATIVE
MAINTENANCE AND
REHABILITATION) HAVE
BEEN ADDRESSED AND NO
CAPITAL ASSET EXCEEDS
ITS USEFUL LIFE.

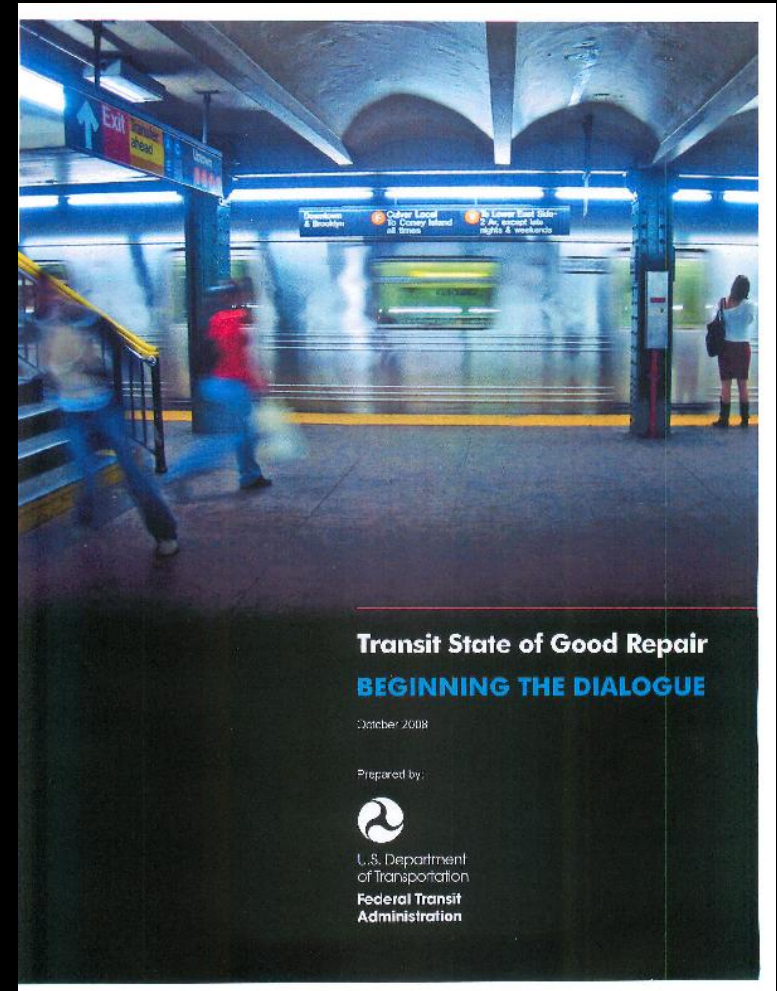


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THIS INCLUDES REPAIR OF

STATE OF GOOD REPAIR DISCUSSIONS

- CURRENT CONDITIONS
- PREVENTATIVE MAINTENANCE
- MEASURING STATE OF GOOD REPAIR
- TRANSIT ASSET MANAGEMENT
- CORE CAPACITY
- RESEARCH NEEDS
- ALTERNATE APPROACHES TO FINANCING



[WWW.FTA.DO
T.GOV](http://WWW.FTA.DO
T.GOV)

STATE OF GOOD REPAIR-BUILDING REPAIR AGREEMENT



Metrolink DIVISION 9 TRANSPORTATION BUILDING EL MONTE, CA

STATE OF GOOD REPAIR-BUILDING REPLACEMENT



Metro

DIVISION 9 TRANSPORTATION BUILDING EL MONTE, CA9

STATE OF GOOD REPAIR-BUS FACILITIES

IMPROVEMENTS

COMPLETED FACILITY PROJECTS

SAN GABRIEL VALLEY TRANSPORTATION BUILDING & SECTOR OFFICE

- BUILDING COMPLETED UNDER BUDGET AND FORMALLY OPENED IN JANUARY 2008
- OBTAINED LEED GOLD CERTIFICATION



DIVISION 8, 15, 18 SOLAR GENERATION PROJECTS

- METRO'S FIRST THREE SOLAR PROJECTS,
- 430KWH, OR 1600 INDIVIDUAL SOLAR PANELS PER DIVISION



DIVISION 1 SHOP EXPANSION

- \$3.3 MILLION ADDITION TO SHOP BUILDING FOR MAINTENANCE OF ARTICULATED BUSES



SQR - FACILITIES

MORE EXAMPLES OF SQR

DIVISION 3 MASTER PLAN IMPROVEMENTS

\$19 MILLION PROJECT TO IMPROVE 30 YEAR OLD FACILITY IN CYPRESS PARK

DIVISION-WIDE HOIST REPLACEMENTS

\$15M 120 HOISTS IN TOTAL WILL BE REPLACED, LAST PHASE TO BE COMPLETED 7 10

DIVISIONS 5, 10, AND 18 IMPROVEMENTS

\$18 MILLION IMPROVEMENT PROJECT FOR ALL 3 DIVISIONS,

DIVISIONS 1, 3, 8, 9, AND 15 IMPROVEMENTS

\$13.7 MILLION IMPROVEMENT PROJECT FOR ALL 5 DIVISIONS,

MSSC SOLAR AND ENERGY EFFICIENCY PROJECT

PUBLIC PRIVATE
MEGAWATT OF
“GREEN” RETRO



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FACILITIES IMPROVEMENTS

IN PLANNING AND DESIGN

BAUCHET ST. WAREHOUSE & FACILITIES SHOP

- AWARD CONTRACT JULY 2009, SCHEDULED COMPLETION DECEMBER 2010



UNION DIVISION MAINTENANCE FACILITY

- 200 BUS OPERATIONS BASE IN DOWNTOWN, ENGINEERING IN PROGRESS



LAX MAINTENANCE FACILITY

- 300 BUS OPERATIONS BASE NEAR LAX, NEPA CEQA UNDERWAY



STATE OF GOOD REPAIR-VERTICAL TRANSPORTATION



- 124 ESCALATORS
- 129 ELEVATORS
- SERVICE CONTRACT
- \$35 MILLION 5 YR
- APTA HEAVY DUTY TRANSIT STANDARDS MUST BE INCORPORATED INTO SPECS FOR SAFETY AND STATE OF GOOD REPAIR OF TRANSIT'S VERTICAL TRANSPORTATION.
- AS CA BUDGET



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FINANCIAL CHALLENGE

WHILE POPULATION AND MOBILITY NEEDS CONTINUE TO INCREASE...

- FEDERAL AND STATE OPERATING FUNDS HAVE DECLINED
- TRANSPORTATION CAPITAL NEEDS AND OPERATING COSTS HAVE INCREASED
- AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) IS SOURCE OF SOME FUNDING

SGR-ARRA FUNDED PROJECTS AT METRO

- BUS PROCUREMENTS (153 BUSES)
84M
- BUS MIDLIFE PROGRAM (400 BUSES) 47M
- MRL 7TH ST EGRESS WIDENING
2M
- MBL TRACTION POWER SUBSTATION
56M
- MRL MBL MGL FIBER OPTIC
2.5M



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FACILITIES PUBLIC PRIVATE PARTNERSHIP

~~CASE STUDY~~ PARTNERS

16.4M PHOTOVOLTAIC SOLAR AND ENERGY UPGRADE

PROJECT



Metro



CLIENT



Metro

BUILDER OPE
RATOR

FINANCE
ING

THE P3 SITE (METRO SUPPORT SERVICES CENTER)



- 20 ACRES
- ADJACENT TO USG HQ
- 25-YEAR OLD HEAVY MAINTENANCE FACILITY WITH \$1,100,000 YEAR ENERGY BILLS
- OPPORTUNITIES FOR ENERGY EFFICIENCY UPGRADES

THE SITE (METRO SUPPORT SERVICES CENTER)



- CENTRAL MAINTENANCE-BUS
- BUS REBUILD
- MACHINING
- CENTRAL STORES & INSTRUCTION
- PAINT SHOP
- ADMINISTRATION
- STOPS AND ZONES
- FACILITIES MAINTENANCE

SOLAR PPP = STATE OF GOOD REPAIR



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INSTALLATION OF 1 MEGAWATT (6720)
PHOTOVOLTAIC SOLAR PANELS ON ROOF

MSSC SOLAR AND ENERGY EFFICIENCY PROJECT

- PROJECT WAS TO “GREEN” THE ENTIRE FACILITY BY RETROFITTING HVAC, COMPRESSION, AND LIGHTING EQUIPMENT, AND INSTALLING 1 MEGAWATT OF SOLAR PANELS ON THE ROOFS
- TOTAL OF \$6.5 MILLION IN INCENTIVES FROM GAS CO, LADWP, AND AQMD
- PROJECT WAS CONSTRUCTED USING A “PERFORMANCE CONTRACTING” APPROACH (DESIGN BUILD FINANCE GUARANTEE).
- LARGEST SOLAR INSTALLATION BY A TRANSIT PROPERTY TO DATE IN THE NATION, AND LARGEST IN THE CITY OF LOS ANGELES.



SOLAR PPP = STATE OF GOOD REPAIR



MHVAC REPLACEMENT OF 3 UNITS (75T, 20T, 20T)
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SOLAR PPP = STATE OF GOOD REPAIR



SOLAR PPP = STATE OF GOOD REPAIR

SHOP LIGHT REPLACEMENT - 4000 TOTAL



EXTERIOR LIGHT
REPLACEMENT

SOLAR PPP = STATE OF GOOD REPAIR



NEW AIR TANKS

COMPRESSOR AND DRYER REPLACEMENT - RUNNING IN



MSSC SOLAR AND ENERGY EFFICIENCY PROJECT

PROJECT PROFORMA

- PROJECT COST: \$16.4 MILLION
- REBATE AT END OF CONSTRUCTION: (\$6.5 MILLION)
- FINANCED COST: \$9.9 MILLION AT 4% (10 YEARS)
- 10 YEAR MONTHLY COST: \$110,000
- SAVINGS PER MONTH: \$50,000
- FOR TEN YEARS, PROJECT WILL COST US \$60,000 PER MONTH
- AT END OF 10 YEARS, METRO ENJOYS ALL ELECTRICITY SAVINGS



PROJECT PRODUCES A NET PRESENT VALUE
RETURN ON INVESTMENT OF 18 YEARS


MSSC SOLAR AND ENERGY EFFICIENCY PROJECT

- PUBLIC PRIVATE PARTNERSHIP BETWEEN FINANCING ENTITY (BOFA), INSTALLER (CHEVRON) AND OWNER (METRO)
- CONTRACTOR RESPONSIBLE FOR ALL FACETS INCLUDING FINANCING, DESIGN, PERMITS, CONSTRUCTION, AND ENERGY GUARANTEES
- METRO PAYS THE FINANCE COSTS ON AN AMORTIZED BASIS, BUT DEDUCTS THE SAVINGS GENERATED
- METRO OWNS THE SYSTEM AND MAINTAINS PER CONTRACTOR PROGRAM, CONTRACTOR GUARANTEES SAVINGS OVER TEN YEARS
- RFP ISSUED FOR BIDDERS MAY 2007, DEAL NEGOTIATED SEPTEMBER 2007, BOARD APPROVED PROJECT JANUARY 2008.

M CONSTRUCTION STARTED MAY 2008 AND IS COMPLETE.

MSSC SOLAR AND ENERGY EFFICIENCY PROJECT

END RESULTS OF PROJECT

- IMMEDIATE SAVINGS OF \$50,000 PER MONTH
- REDUCES ELECTRICITY BILLS BY 50%, FROM \$1.1 MILLION TO \$550,000
- ON A NET PRESENT VALUE BASIS, PROJECT IS CASH POSITIVE AND REALIZES A \$1.5 MILLION ROI OVER LIFE OF EQUIPMENT
- OVER THE LIFE OF EQUIPMENT, THE PROJECT REDUCES OUR CO2 EMISSIONS BY 120,000
 METRIC TONS


PUBLIC PRIVATE PARTNERSHIPS (P3)

HOW DO WE INCREASE FINANCIAL CAPABILITY?

- ACTIVATE POTENTIAL NEW PRIVATE SOURCES
- MAXIMIZE LEVERAGE PROVIDED
- MAXIMIZE USE OF FLEXIBLE AND FUNGIBLE REVENUE
- MINIMIZE ANNUAL DEBT SERVICE PAYMENTS

 PHASE SPENDING TO REFLECT
REVENUE

PPP PROGRAM OBJECTIVES

- ACCELERATING DELIVERY TO IMPROVE SERVICE
- REDUCING COSTS THROUGH CONTRACTING AND CONSTRUCTION METHODS
- DEVELOP PROJECTS INTEGRATED WITH EXISTING TRANSIT HIGHWAY INFRASTRUCTURE
-  MARR ALLOCATING RISK

HOW DO WE BEGIN?

- METRO RETAINED PROGRAM MANAGEMENT AND AN ADVISORY CONSULTING TEAM
 - INFRACONSULT LLC
 - KPMG LLP
 - NOSSAMAN LLP
 - HALCROW INC.
 - SHARON GREENE + ASSOCIATES
 - ENGLANDER & ASSOCIATES
- INITIAL ACTIVITIES UNDERWAY
 - PRIMARY SCREENING CRITERIA - LRTP AND "MEASURE R"
 - PRELIMINARY SCREENING OF ALL PROJECTS
 - DEVELOPMENT OF FINANCIAL ASSUMPTIONS
 - READINESS ASSESSMENT
 - RISK ANALYSIS
 - TECHNICAL AND OPERATIONAL CONSULTING



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PROJECT APPROACH

- PROJECTS WITH GREATEST LIKELIHOOD OF SUCCESS:
 - CLEARLY DEFINED (I.E., DRAFT EIR EIS), HIGH-PRIORITY, NON-CONTROVERSIAL PROJECT WITH DEMONSTRATED PUBLIC SECTOR COMMITMENT
 - FAIR RISK ALLOCATION
 - TRANSPARENT, WELL-DEFINED PROCUREMENT PROCESS, EXPERIENCED PUBLIC SECTOR STAFF



FINANCING TRANSIT PPP'S

- FINANCING QUESTIONS?
- 8:00 AM SESSION ON FINANCING TRANSIT PPP'S
- ROGER MOLIERE, CHIEF REAL PROPERTY MANAGEMENT & DEVELOPMENT FOR LA METRO

THANK YOU

